

2007 Fact Sheet: Medicare and Medicaid

THE BACKGROUND

Many residents of Washington State, including many Medicare and Medicaid clients, are sometimes confused by these similar-sounding public health plans. Both assist citizens who need access to health care, and both were created by Congress in the mid-1960s, but they have different aims.

MEDICAID

This is a state-federal partnership created to reimburse health-care providers for the services and treatments given to low-income individuals and families unable to pay for their own health care. It is a comprehensive package of benefits, and the federal rules stipulate that all states must provide certain specific benefits and services to a core group of eligible clients. The Medicaid program is also only open to citizens.

Medicaid programs may vary a great deal from state to state. That's partly because federal funding varies -- poorer states get more federal help than wealthier states. In Washington State, the cost of the program is divided roughly 50-50 by the state and federal governments.

In addition, states have the option of offering additional Medicaid services or going beyond federal eligibility standards to insure additional groups of people. Medicaid also covers long-term care for special categories of people who can't afford or manage their own care. This includes many nursing home patients, as well as the developmentally disabled.

MEDICARE

Medicare coverage for the elderly was also created in the 1960s, but this program was intended to supplement senior citizens' ability to purchase health care. It was never conceived to be a set of comprehensive benefits, and most recipients choose to buy special private "Medigap" insurance policies that cover the "gaps" in Medicare. Some employers provide these "Medigap" policies as part of their retirement benefits.

Nearly everyone qualifies for Medicare coverage by age -- people are eligible at age 65. But a few Medicare recipients qualify by reason of disability, and one specific group -- End Stage Renal Disease patients -- automatically qualify for Medicare by virtue of their chronic and expensive condition. Medicare does not cover long-term care, such as nursing homes. Because some low-income Medicare patients may need expensive treatments or nursing home care, they may become "dual-eligibles," which means that Medicare and Medicaid may both help pay for their care.

There are several parts of Medicare, and beneficiaries may not choose to participate in all or any of them. Part A covers hospital services, while Part B covers many medical treatments, including routine doctor's visits. Part C was created in the mid-1990s to allow a managed-care version of Medicare. Under it, private health plans contract with the federal government to provide Medicare services. Part D is the newest part of Medicare. It creates a system of private drug plans who began providing prescription drug coverage for Medicare recipients, beginning January 1, 2006. Dual-eligible clients previously received drug coverage from Medicaid. After the change, they receive drug coverage from Medicare's drug plans, but the state continues to pay the same amount toward that cost as before.

OTHER GOVERNMENT HEALTH PLANS

In addition to Medicare and Medicaid, some residents of Washington State receive public medical assistance in other ways. These plans include:

- **The Basic Health program**, a subsidized package of benefits for the working poor (under 200 percent of the Federal Poverty Level).
- **States' Children's Health Insurance Program (SCHIP)**, a federal-state program that provides medical coverage for citizen children in families between 200 and 250 percent of the Federal Poverty Level. The SCHIP match is 65-35 federal-to-state.
- **Children's Health Program (CHP)**, a state-funded program that is open to children who are not otherwise eligible for Medicaid or SCHIP, many of them non-citizens or undocumented residents of the state. It also covers children in families up to 250 percent of the Federal Poverty Level.
- **State-administered programs** like the General Assistance for the Unemployable (GAU). This program is a lookalike Medicaid program, since the coverage is virtually the same but the program covers certain people not eligible for Medicaid. Unlike Medicaid or SCHIP, this program is supported only by state funds.
- **Public health districts**, which operate under the umbrella of county governments, and offer services such as immunizations, prenatal care, hygiene, sexually-transmitted disease testing and treatment, and other specialized health care in the public interest.
- **The Washington State Health Insurance Pool (WSHIP)** was created to help people who cannot find suitable private insurance because of their health. Under state law, health insurers may reject applications of people with potentially expensive health conditions. Although WSHIP coverage still can be expensive, the cost is lower than it would be otherwise because the health insurance industry helps underwrite the cost of the pool